Financial review

in €m	2023	2022 re-presented*	% change
Sales	**19 953**	16 748	+19%
Cost of sales	**(6 237)**	(5 572)	
Gross profit	**13 716**	11 176	+23%
Net operating expenses	**(8 685)**	(7 423)	+17%
Operating profit	**5 031**	3 753	+34%
Net financial (costs)/income	**(314)**	(841)	
Share of post-tax results of equity-accounted investments	**41**	31	
Profit before taxation	**4 758**	2 943	+62%
Taxation	**(847)**	(494)	+71%
Profit for the year from continuing operations	**3 911**	2 449	+60%
Loss for the year from discontinued operations	**(3 610)**	(370)	
Profit for the year	**301**	2 079	-86%
Analysed as follows:			
Attributable to owners of the parent company	**313**	2 074	
Attributable to non-controlling interests	**(12)**	5	
Profit for the year	**301**	2 079	-86%
Earnings per share – diluted basis	**€ 0.543**	€ 3.611	-85%

* Prior-year comparatives have been re-presented as YNAP results are presented as 'discontinued operations'.

Any references to Hong Kong, Macau and Taiwan within this financial review are to Hong Kong SAR, China; Macau SAR, China; and Taiwan, China, respectively.

Following the 24 August 2022 announcement of an agreement, subject to a number of conditions, including the receipt of certain anti-trust approvals, to sell a controlling stake in YOOX NET-A-PORTER ('YNAP'), the results of YNAP for the year ended 31 March 2023 are presented as 'discontinued operations'. Prior-year comparatives are re-presented accordingly.

Unless otherwise stated, all comments below relate to the results of the continuing operations. The results of Watchfinder & Co. ('Watchfinder') are now reported within the 'Other' business area.

Sales

For the year ended 31 March 2023, Richemont reported strong performance with sales from continuing operations increasing by 19% at actual exchange rates and by 14% at constant exchange rates to € 19 953 million.

Compared to the year ended 31 March 2022, sales grew in all regions, distribution channels and business areas, both at actual and constant exchange rates.

At actual exchange rates, Asia Pacific sales grew by 6%, partly benefitting from a rebound in sales in mainland China, Hong Kong and Macau in the final quarter of the financial year, following the removal of travel and health restrictions. Elsewhere in the region, South Korea and South East Asia delivered significant sales increases throughout the year. Sales growth in the Americas, which represents the Group's second largest sales region, reached 27% for the year against strong comparatives (+89% in the prior year). In Europe, the overall 30% sales growth reflected robust demand in most markets, with the performance of France, Italy and Switzerland particularly noteworthy. Japan reported the strongest regional performance for the year with sales up by 45%, driven by solid domestic sales and the progressive return of inbound tourism. Sales in Middle East & Africa rose by 24%.

The Group's directly-operated stores drove growth, with sales up by 22% at actual exchange rates compared to the prior year, underpinned by double-digit growth across all regions and all business areas. Online retail sales, now excluding sales made by YNAP, increased by 12% while wholesale sales were 14% higher over the year.

At actual exchange rates, all business areas delivered double-digit sales growth compared to the prior year. Sales at the Jewellery Maisons rose by 21%, reflecting growth across all channels and regions. The 13% increase in sales of the Specialist Watchmakers was supported by growth in all regions with the exception of Asia Pacific. The 'Other' business area enjoyed a 19% sales progression, sustained by all regions.

Further details on sales by region, distribution channel and business area are given under Review of Operations.

Gross profit

Compared to the prior year, gross profit increased by 23% to € 13 716 million and the corresponding gross margin rose to 68.7% of sales.

This 200 basis point gross margin improvement was mainly driven by a combination of price increases, a more favourable geographical sales mix and a further client-driven shift towards retail. All these positive factors more than offset increases in raw materials cost and inflationary pressures experienced throughout the supply chain.

Operating profit

Increases in sales and gross profit combined with well-controlled costs led to the operating profit from continuing operations rising by 34% to an all-time high of € 5 031 million. As a result, operating margin improved by 280 basis points to 25.2% of sales.

Overall, operating expenses grew by 17% over the prior year, below the 19% sales increase.

Higher retail sales and the selective expansion and qualitative improvements of the Group's retail network contributed to a 19% increase in selling and distribution expenses. As a percentage of sales, these expenses were in line with the prior year at 23.5%.

Communication expenses rose by 17% compared to the prior year, and amounted to 9.7% of sales.

Expenses related to the fulfilment of online retail orders grew by 19% whilst administrative expenses increased by 20%. Other expenses included one-time items of € 66 million, the main item being a € 55 million charge related to the impairment of goodwill at Watchfinder, which has been negatively impacted by the global reduction of resale values for pre-owned watches.

Profit for the year

Profit for the year from continuing operations increased by 60% over the prior year to € 3 911 million. The € 1 462 million increase in profit for the year included a € 527 million improvement in net finance costs which amounted to € 314 million. The reduction in net finance costs was mostly due to non-cash fair value losses arising from the Group's investments in a Farfetch convertible note and an option to purchase additional Farfetch China shares, as well as the Group's investments in externally managed bond funds and money market funds, overall amounting to € 54 million, compared to € 538 million in the prior year. Net interest expense amounted to € 7 million, a € 46 million reduction over the prior year, while foreign exchange non-cash losses on monetary items amounted to € 240 million, a € 43 million increase over the prior year.

The loss for the year from discontinued operations amounted to € 3 610 million, representing YNAP's operating result and the € 3.4 billion non-cash charge on the transfer of YNAP net assets to 'held for sale' at 31 March 2023.

As a result, profit for the year amounted to € 301 million.

Earnings per share reached € 0.543 on a diluted basis. Excluding YNAP, diluted earnings per share (1 'A' share/10 'B' shares) from continuing operations were € 6.778.

To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for the year ended 31 March 2023 was € 3 807 million (2022: € 2 132 million). Basic HEPS for the year were € 6.691 (2022: € 3.762), diluted HEPS for the year were € 6.601 (2022: € 3.712). Further details regarding earnings per share and HEPS, including an itemised reconciliation, can be found in note 28 of the Group's consolidated financial statements.

Cash flow

Cash flow generated from operating activities, including YNAP, amounted to € 4 491 million compared to € 4 638 million in the prior year. The 3% reduction reflected increased operating profits from continuing operations, more than offset by higher investments in working capital.

Net investments in property, plant and equipment amounted to € 838 million, a 14% increase over the prior year. Capital expenditure during the period focused on expansion and qualitative improvements to the Group Maisons' retail network, as well as targeted manufacturing and technology investments.

During the year, the Group contributed € 330 million to its associate, Kering Eyewear, maintaining its percentage ownership at 30%.

The 2022 dividend of CHF 2.25 per share (1 'A' share/10 'B' shares) and the exceptional dividend of CHF 1.00 per share (1 'A' share/10 'B' shares) were paid to shareholders and to South African Depository Receipt ('DR') holders, net of withholding tax, in September 2022. The total dividend cash outflow in the period amounted to € 1 851 million.

Proceeds from the exercise of share options by executives and other hedging activities during the period amounted to a net cash inflow of € 198 million. No treasury shares nor shareholder warrants were repurchased during the year.

Balance sheet

At 31 March 2023, the assets and liabilities of YNAP were classified as 'Assets of disposal group held for sale' and 'Liabilities of disposal group held for sale', respectively. The remainder of the balance sheet reflected only the assets and liabilities of continuing operations. The prior year has not been restated.

Inventories amounted to € 7 096 million, a 16% increase excluding YNAP, and inventory rotation represented 16.6 months of cost of sales (2022: 15.1 months).

The Group's net cash position rose by 25% to € 6 549 million at 31 March 2023. Net cash is comprised of cash and cash equivalents, investments in externally managed bond and money market funds as well as external borrowings, including corporate bonds. At 31 March 2023, gross cash amounted to € 12 504 million.

Shareholders' equity represented 47% of total equity and liabilities compared to 50% in the prior year.

Sale of a controlling interest in YNAP

During the period, the Group reached an agreement with Farfetch and Alabbar, which is subject to a number of conditions, including the receipt of certain anti-trust approvals, to sell a controlling interest in YNAP. In the initial stage, Farfetch and Alabbar will acquire 47.5% and 3.2%, respectively, of YNAP's share capital, making YNAP a neutral platform with no controlling shareholder. Upon completion of the sale, Richemont will receive Farfetch Class 'A' ordinary shares expected to represent 12-13% of the issued share capital of Farfetch. Richemont will also receive US$ 250 million (expected to be settled in Farfetch Class 'A' ordinary shares) on the fifth anniversary of completion of the initial stage of the transaction. Alabbar, Richemont and YNAP's long-standing partner in the Middle East, will acquire a 3.2% interest in YNAP in exchange for its shares in the joint venture with YNAP in the Gulf Cooperation Council region. The initial stage of the transaction is currently expected to complete before the end of calendar year 2023.

The potential second and final stage of the transaction provides for Farfetch to increase its ownership of YNAP share capital to 100% through a put and call option mechanism.

YNAP's performance

YNAP's performance is shown under 'Results from discontinued operations'. In a globally challenging environment for digital distribution pure players, YNAP delivered sales growth of 4% at actual exchange rates.

NET-A-PORTER and MR PORTER led growth with a high single-digit sales increase in the UK and the US while the good performance of YOOX in Europe and the US was not able to fully offset the suspension of commercial activities in Russia.

Proposed dividend

Considering the Group's strong annual performance and robust net cash position, the Board has proposed a dividend of CHF 2.50 per 'A' share/10 'B' shares and an additional special dividend of CHF 1.00 per 'A' share/10 'B' shares.

The dividend will be paid as follows:

	Gross dividend per 1'A' share/ 10 'B' shares	Swiss withholding tax @ 35%	Net payable per 1'A' share/ 10 'B' shares
Dividend	CHF 2.500	CHF 0.875	CHF 1.625
Special dividend	CHF 1.00	CHF 0.35	CHF 0.65

The dividends will be payable following the annual general meeting ('AGM') which is scheduled to take place in Geneva on Wednesday 6 September 2023.

The last day to trade Richemont 'A' shares on Swiss Stock Exchange ('SIX') and the Johannesburg Stock Exchange ('JSE') cum-dividend will be Tuesday 19 September 2023. Both will trade ex-dividend from Wednesday 20 September 2023.

The dividends on the Richemont 'A' shares traded on SIX will be paid on Friday 22 September 2023 and are payable in Swiss francs. The dividends in respect of the Richemont 'A' shares traded on the JSE will be payable on Thursday 28 September and are payable in rand. Further details regarding the latter dividends payment may be found in a separate announcement dated Friday 12 May 2023 on SENS, the JSE news service.

Review of operations

Sales by region

			Movement at:	
in €m	2023	2022 re-presented*	Constant exchange rates**	Actual exchange rates
Europe	**4 371**	3 351	+31%	+30%
Asia Pacific	**7 937**	7 487	+1%	+6%
Americas	**4 467**	3 528	+14%	+27%
Japan	**1 616**	1 118	+56%	+45%
Middle East & Africa	**1 562**	1 264	+13%	+24%
	19 953	16 748	+14%	+19%

* Prior-year comparatives have been re-presented as YNAP results are presented as 'discontinued operations'.

** Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2022.

The following comments on Group sales refer to year-on-year movements at constant exchange rates. Contributions to Group sales relate to sales at actual exchange rates. Unless otherwise stated, all comments below relate to sales of continuing operations.

Europe

For the year ended 31 March 2023, Europe delivered a 31% year-on-year sales increase, the second highest regional growth rate for the Group. This robust growth was fuelled by strong local demand and an increase in tourism from the US and the Middle East, complemented by a favourable exchange rate. Sales performances in France, Italy and Switzerland were of particular note. All business areas delivered solid sales increases compared to the prior year.

Overall, the region contributed 22% of Group sales, compared to 20% in the prior year.

Asia Pacific

Sales in the Group's largest sales region, Asia Pacific grew by 1% compared to the prior year, an improvement compared to the 7% decline in the first nine months of the financial year. A strong rebound in sales in mainland China, Hong Kong and Macau during the final quarter of the year, following the removal of health-related restrictions, contributed to the recovery in the region. This positive performance also reflects significant double-digit sales growth in South Korea and South East Asia, most notably in Australia, Singapore and Thailand, throughout the year.

The region contributed 40% of Group sales, compared to 45% in the prior year.

Americas

The Americas reported sales growth of 14% compared to the prior year. Moderated growth rates in the second half of the year partly reflected increased purchases abroad by American-resident clients driven by the strength of the US dollar. All business areas delivered double-digit sales growth for the year, with the highest rate of progression reported by the 'Other' business area.

The contribution of the region to Group sales increased to 22% from 21% in the prior year. The region now stands just ahead of Europe as the Group's second largest sales region.

Japan

With a 56% year-on-year sales progression, Japan posted the strongest regional sales growth rate, underpinned by strong domestic demand, the progressive return of international tourism from mid-October, and lower comparatives due to temporary boutique closures due to Covid-related restrictions in the prior year.

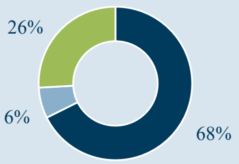
Japan represented 8% of overall sales, compared to 7% in the prior year.

Middle East & Africa

Sales in the Middle East & Africa region grew by 13% compared to the prior year, driven by solid domestic and inbound tourist spending, notably in Dubai and Qatar.

The region contributed 8% of Group sales compared to 7% in the prior year.

Sales by distribution channel



in €m	2023	2022 re-presented*	Movement at: Constant exchange rates**	Movement at: Actual exchange rates
Retail	**13 497**	11 057	+17%	+22%
Online retail	**1 294**	1 152	+6%	+12%
Wholesale and royalty income	**5 162**	4 539	+8%	+14%
	19 953	16 748	+14%	+19%

* Prior-year comparatives have been re-presented as YNAP results are presented as 'discontinued operations'.

** Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2022.

The following comments on Group sales refer to year-on-year movements at constant exchange rates. Contributions to Group sales relate to sales at actual rates. Unless otherwise stated, all comments below relate to sales of continuing operations.

Retail

The Retail distribution channel incorporates sales from the Group's directly-operated stores.

Retail generated the strongest channel performance with a 17% sales growth compared to the prior year. Retail sales grew significantly across all business areas and regions, most notably in Europe and Japan, led by the Jewellery Maisons and Specialist Watchmakers.

Retail continued to be the largest contributor to Group sales with 1 286 directly-operated boutiques accounting for 68% of Group sales compared to 66% a year ago.

Online retail

Following the reclassification of YNAP sales to discontinued operations, 'Online retail' now comprises online retail sales directly generated by the Group's Maisons and Watchfinder.

Online retail sales grew by 6% year-on-year as the Group's Maisons continued to expand their digital presence, with highest growth rates at the Specialist Watchmakers. In terms of regions, online retail sales were led by the Americas and Japan which delivered double-digit growth compared to the prior year, as did Middle East & Africa. Overall, they contributed 6% of Group sales.

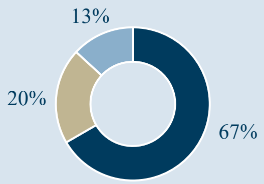
Wholesale

This distribution channel includes sales to mono-brand franchise partners, to third-party multi-brand retail partners as well as sales to agents, in addition to royalty income.

The 8% sales progression over the prior year was driven by most business areas and by all regions with the exception of Asia Pacific.

For the year under review, the wholesale channel contributed 26% to Group sales compared to 27% in the prior year.

Sales and operating results by segment



Jewellery Maisons

in €m	2023	2022	Change
Sales	**13 427**	11 083	+21%
Operating result	**4 684**	3 799	+23%
Operating margin	**34.9%**	34.3%	+60 bps

The Group's three Jewellery Maisons – Buccellati, Cartier and Van Cleef & Arpels – achieved a combined 21% increase in sales compared to the prior year (+86% compared to the year ended March 2020), with double-digit growth in jewellery and watches. All iconic collections outperformed, from *Opera Tulle* and *Macri* at Buccellati, *Trinity*, *Panthère* and *Santos* at Cartier to *Alhambra*, *Perlée* and *Fauna* at Van Cleef & Arpels. This strong performance was also broad-based across all Jewellery Maisons, price points, regions and distribution channels. Growth was the strongest in the Jewellery Maisons' directly-operated store network which, together with online retail, contributed 83% of the business area's sales.

Higher sales, increased utilisation of manufacturing facilities and ongoing cost discipline, notwithstanding the continued investment in distribution, manufacturing and communication to support strong growth, drove a 23% year-on-year increase in operating result to € 4 684 million. Operating margin improved by 60 basis points to 34.9%.

Significant store developments during the year included the new flagship boutiques for Cartier in Sydney, Van Cleef & Arpels in San Francisco and Chengdu, the reopening of Cartier flagship boutiques in Paris 13 Rue de la Paix, New York Fifth Avenue and Seoul as well as the extension of the Buccellati Roma flagship boutique and new Buccellati stores in Singapore Marina Bay Sands, Nanjing Deji Plaza and Shenzhen Bay Mix.

Specialist Watchmakers

in €m	2023	2022	Change
Sales	**3 875**	3 435	+13%
Operating result	**738**	593	+24%
Operating margin	**19.0%**	17.3%	+170 bps

Sales at the Specialist Watchmakers, which comprise A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin, grew by 13% compared to the prior year (+36% compared to the year ended March 2020).

The strong performance was driven by double-digit increases at many Maisons. Retail and online retail sales led the growth and, together, contributed 56% of the Specialist Watchmakers sales; a 500 basis point increase highlighting the progress of the direct-to-client strategy of the division. This evolution was supported by selective store investments which notably included flagship openings by Piaget in Canton Road Hong Kong, Panerai in Zurich, IWC in Taikoo Hui Shanghai, Maison Vacheron 1755 in Shanghai, Jaeger-LeCoultre in Beverly Hills, and a Zurich salon for A. Lange & Söhne. Growth was achieved across all regions excluding Asia Pacific, with commendable results in the Americas, Europe and Japan.

Iconic collections continued to outperform, including *Lange 1* for A. Lange & Söhne, *Riviera* for Baume & Mercier, *Pilot's watches* for IWC, *Reverso* for Jaeger-LeCoultre, *Luminor* for Panerai, *Polo* for Piaget, *Excalibur* for Roger Dubuis and *Overseas* for Vacheron Constantin. Maisons successfully showcased their novelties during Watches and Wonders Geneva 2023.

The combination of double-digit sales growth and continued cost discipline – with continued investments into brand equity – resulted in an operating result of € 738 million. Operating margin gained 170 basis points, increasing to 19.0%.

Other

in €m	2023	2022 re-presented*	Change
Sales	**2 651**	2 230	+19%
Operating result	**59**	(46)	+228%
Operating margin	**2.2%**	-2.1%	+430 bps

* Prior-year comparatives have been re-presented following the reclassification of Watchfinder & Co. to the 'Other' business area.

'Other' includes the Group's Fashion & Accessories Maisons, the Group's watch component manufacturing and real estate activities, amongst others.

Sales grew by 19% compared to the prior year (+37% compared to the year ended March 2020), fuelled by a solid performance by Fashion & Accessories Maisons, while Watchfinder sales were negatively impacted by lower demand from their UK domestic clientele and a subdued pre-owned watch market. Overall, revenue growth came from all channels and regions, and performance in the Americas and the Middle East & Africa was particularly noteworthy.

Alaïa's performance illustrates the increased desirability of Richemont's Fashion & Accessories Maisons, supported by highly acclaimed new collections and extensive high profile press coverage. Montblanc is also benefitting from improvement in travel retail footfall as well as demand for its *Meisterstück* writing instruments collection and new *Extreme* leather goods collection. Chloé furthered its growth momentum with the continuous roll-out of new aesthetics across its product offering. Delvaux, with *Brillant* and *Tempête* leather lines, and Peter Millar, with the *Crown Sport* clothing and G/FORE footwear lines, continued to deliver solid results.

Store developments included new stores for Alaïa in New York and Shanghai, for Delvaux in Dubai Mall and Tokyo Omotesando as well as G/FORE and Peter Millar openings in Scottsdale, Arizona. The retail network benefitted from a number of renovations, including the Delvaux store in Paris St Honoré and Montblanc flagship store in Paris Champs-Elysées.

Operating result amounted to € 59 million, with notably € 94 million (3.9% on sales) for the Fashion & Accessories Maisons due to higher sales, improved pricing power and financial discipline.

Corporate costs

in €m	2023	2022	Change
Corporate costs	**(427)**	(566)	-25%
Central support services	**(302)**	(309)	-2%
Other unallocated expenses, net	**(125)**	(257)	-51%

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central support services), as well as other expenses and income that are not allocated to specific business areas. Most corporate costs are incurred in Switzerland. For the year under review, they represented 2% of Group sales and included € 65 million net one-time unallocated charges comprised of a € 55 million charge in relation to impairment of intangible assets at Watchfinder (FY22: € 203 million net one-time unallocated charges).

Jérôme Lambert
Group Chief Executive Officer

Burkhart Grund
Chief Finance Officer